



**U.S. Department of Justice**

*United States Attorney  
Eastern District of New York*

DSS/CMT  
F. #2009R02380

*271 Cadman Plaza East  
Brooklyn, New York 11201*

October 1, 2015

By ECF

The Honorable John Gleeson  
United States District Court  
Eastern District of New York  
225 Cadman Plaza East  
Brooklyn, New York 11201

Re: United States v. HSBC Bank USA, N.A. and HSBC Holdings plc  
(collectively, "HSBC")  
Criminal Docket No. 12-763 (JG)

Dear Judge Gleeson:

Pursuant to the Court's July 1, 2013 order directing the government to file quarterly reports regarding the implementation of the deferred prosecution agreement ("DPA") in the above-captioned matter, the government submits this status report.

During the last quarter, the Monitor has made progress in satisfying his mandate under the DPA. The Monitor continued additional work on the Second Annual Follow-Up Review of HSBC Holdings plc and its subsidiaries and affiliates (collectively "HSBC Group's" or the "Bank's") anti-money laundering ("AML") and sanctions compliance program, including assessing HSBC Group-level enhancements to the Bank's AML and sanctions compliance program, conducting reviews of eleven separate country operations within HSBC Group, conducting thematic reviews of HSBC Group's compliance program related to specific lines of business, and assessing HSBC Group's response to the Monitor's remediation recommendations. The Monitor's findings will be included in the Second Annual Follow-up Report scheduled to be issued in the first quarter of 2016.

The Monitor continues to identify specific areas of HSBC Group's AML and sanctions compliance program where further remediation is required. HSBC Group continues to work to address and remediate these areas. We expect that both those areas

identified by the Monitor and HSBC Group's responses will also be included in the Second Annual Follow-Up Report.

Respectfully submitted,

KELLY T. CURRIE  
Acting United States Attorney

By:                     /s/                      
Alexander A. Solomon  
Daniel S. Silver  
Assistant U.S. Attorneys  
(718) 254-6074/6034

M. KENDALL DAY  
Chief, Asset Forfeiture and Money  
Laundering Section  
Criminal Division  
United States Department of Justice

By:                     /s/                      
Craig M. Timm  
Deputy Chief  
(202) 598-2279

cc: Counsel for Defendants (via ECF)